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PENNSYLVANIA STATE BOARD OF HOUSING

SUITE 409 SOUTH OFFICE BUILDING

HARRISBURG, PENNSYLVANIA

Bureau of Public Administration  
Box 1667 University Station  
Charlottesville, Virginia

August 19, 1938  
SBH 2-506

TO: Chairman )  
Executive Director (Local Housing Authorities of Pennsylvania  
Chief Accountant )

FROM: PENNSYLVANIA STATE BOARD OF HOUSING

BULLETIN NO. 1 - SUPPLEMENT NO. 1

SUBJECT:

ACCOUNTING PROCEDURE FOR LOCAL HOUSING AUTHORITIES

1           The United States Housing Authority has prepared a  
2           special form, captioned "Advance Loan Certificate of Pur-  
3           pose" (Form No. USHA - 403) and upon which form each  
4           Local Housing Authority shall eventually submit detailed  
5           data by accounting classification, covering the Local  
6           Housing Authority's actual disbursements and also its  
7           accrued costs for the period from the inception of the  
8           Local Housing Authority to the date of preparing the  
9           form. The Local Housing Authority shall prepare these  
10          reports separately for each project approved by the  
11          United States Housing Authority when applying to the  
12          United States Housing Authority for its initial loan.

13           In addition, the form provides for an estimate, by  
14           accounting classification, of the amount which the Local  
15           Housing Authority will require to operate each approved  
16           project for the three months period succeeding the prep-  
17           aration of the report.

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DOCUMENTS SECTION

1. The first part of the paper is devoted to the

study of the properties of the function

$f(x) = \sum_{n=0}^{\infty} \frac{x^n}{n!}$

2.

3.

4. The second part of the paper is devoted to the

study of the function

$f(x) = \sum_{n=0}^{\infty} \frac{x^n}{n!}$

5. The third part of the paper is devoted to the

study of the function

$f(x) = \sum_{n=0}^{\infty} \frac{x^n}{n!}$

6. The fourth part of the paper is devoted to the

study of the function

$f(x) = \sum_{n=0}^{\infty} \frac{x^n}{n!}$

7. The fifth part of the paper is devoted to the

study of the function

$f(x) = \sum_{n=0}^{\infty} \frac{x^n}{n!}$

8.

9. The sixth part of the paper is devoted to the

10.

11. The seventh part of the paper is devoted to the

study of the function

$f(x) = \sum_{n=0}^{\infty} \frac{x^n}{n!}$

12. The eighth part of the paper is devoted to the

13.

1           It will be on the basis of the combined total, of past  
2           expense and future estimate, reported in the "Advance Loan  
3           Certificate of Purpose" that the United States Housing Authority  
4           will compute its initial loan to the Local Housing Authority.

5           The Classification of Accounts for the formulative  
6           period of a Local Housing Authority as outlined in the  
7           Pennsylvania State Board of Housing Bulletin No. 1, dated  
8           February 18, 1938, does not fully cover the scope of accounts  
9           now required by the United States Housing Authority for its  
10          initial loan. Each Local Housing Authority shall, therefore,  
11          immediately re-analyze their accounts and establish their  
12          "Formulative Period" records on the basis outlined herein.

13          The instructions contained in Bulletin No. 1, beginning  
14          with and including page 4 to the point of the sub-head, reading  
15          "2 - DEVELOPMENT AND CONSTRUCTION PERIOD" on page 5 shall con-  
16          sequently be deleted and the following procedure shall now be  
17          effective and retroactive to the beginning of the Local Housing  
18          Authority's functioning.

19          The following accounting classifications and numerical  
20          codes shall be maintained during the Formulative Period.  
21          Additional classifications may be added by the Local Authority  
22          only by permission of the United States Housing Authority  
23          obtained through the Pennsylvania State Board of Housing, as  
24          the classifications listed are to coincide with the accounting  
25          system to be adopted later for the Management Period and will  
26          be national in their application.



## NUMBER AND CLASSIFICATION OF ACCOUNTS

### 7-10 ADMINISTRATIVE \*

- 10.1 Pay Roll - Executive
- 10.2 Pay Roll - Technical
- 10.3 Pay Roll - Site
- 10.4 Legal Services and Exp. (adm. only)
- 10.5 Travel
- 10.6 Rent - Office
- 10.7 Furniture and Fixtures - Office
- 10.8 Supplies - Office Sundry
- 10.9 Printing
- 10.10 Communications Service
- 10.11 Photographs
- 10.12 Fidelity Bond Premiums, Etc.
- 10.13 Advertising
- 10.14 Trustees' Fees
- 10.15

### 7-20 CARRYING CHARGES

- 20.1 Interest During Development
- 20.2 Insurance During Development
- 20.3

### 7-30 ARCHITECTURAL AND ENGINEERING

- 30.1 Fees - Under Contract
- 30.2 Fees - Other
- 30.3 Travel
- 30.4 Boring and Test Pits
- 30.5 Blueprinting, etc.
- 30.6 Models
- 30.7

### 7-40 ACQUISITION OF SITE

- 40.1 Land Purchase Price
- 40.2
- 40.3
- 40.4 Surveys, Maps
- 40.5 Appraisal Fees
- 40.6 Title Examination
- 40.7 Options (Consideration for)
- 40.8 Legal Services (Land only)
- 40.9 Legal Expenses (Land only)
- 40.10 Commissions
- 40.11 Recording Fee
- 40.12 Relocation of Tenants - Labor
- 40.13 Relocation of Tenants - Other
- 40.14 Demolition and Clearing
- 40.15

\* Items to be included should be restricted to only those properly chargeable to project.



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1           This accounting procedure is prepared for recording  
2           the expenses incurred by a Local Housing Authority prior to the  
3           Local Housing Authority's receiving any funds from the sale of its  
4           bonds or temporary note to the United States Housing Authority or  
5           the receipt of funds from the sale locally of 10% of its bonds.  
6           The method of accounting herein outlined shall not be continued  
7           after the initial loan is made, unless the Local Housing Authority  
8           continues to advance its funds for the prosecution of the work,  
9           and/or develops projects other than the one against which the loan  
10          has been advanced. In other words, this procedure is to cover the  
11          recording of transactions of the Local Housing Authority during  
12          the time it is operating by virtue of services rendered on a con-  
13          tingent basis or funds received, other than from the sale of its  
14          bonds or advance loan from the United States Housing Authority.  
15          This procedure shall not be confused with actual project construc-  
16          tion accounting and which latter accounting is to be started when  
17          the initial loan is obtained.

18               Three books of accounts kept on an accrual basis, and based  
19               on a voucher system shall constitute the set, viz:

20               1 - Local Housing Authority's General Ledger

21               2 - Local Housing Authority's Combined Journal and Voucher  
                Control Register

22               3 - Local Housing Authority's Project Cost Analysis Register

23               VOUCHERS

24               The Local Authorities shall adopt a voucher form to which all  
25               invoices, pay rolls, or descriptive information shall be attached.  
26               These vouchers shall be pre-numbered and entered in numerical  
27               sequence at the time of making the original entry. The date, name  
28               of payee, brief description and voucher number shall be recorded in  
29               the Combined Journal and Voucher Control Register.





LOCAL HOUSING AUTHORITY'S COMBINED JOURNAL AND VOUCHER CONTROL  
REGISTER

1           This register shall be the book of original entry and shall  
2           be a standard ruled, columnar sheet with provisions for date,  
3           name space, reference number, folio and ten (10) double or  
4           twenty (20) single columns, each column provided with unit ruling  
5           for \$100,000.00.

6           The first double column shall be captioned:

7                               General Ledger  
8                               Dr.       Cr.

9           The second double column shall be captioned:

10                              Vouchers Payable  
11                              Dr.       Cr.

12           The third double column shall be captioned:

13                              Bank Account  
14                              Dr.       Cr.

15           The seventh column shall be captioned:

16                              Unallowable  
17                              Project Expense  
18                              Dr.

19           The eighth column shall be captioned:

20                                       PROPOSED  
21                              (Name of Project) PROJECT  
22                                       EXPENSE  
23                                       Dr.

24           The remaining columns shall be captioned similarly to column  
25           eight, changing the project name to conform with as many projects  
26           as may be undertaken for proposed development, and against which  
27           services or expenses are incurred.

28           Entries for all transactions shall be first entered in this  
29           book, general illustrations of which entries are as follows:



1           Presuming that a city has loaned \$5,000.00 to  
2           the Authority for its operation pending receipt of  
3           funds from the United States Housing Authority; the  
4           first entry on the Combined Journal and Voucher Control  
5           Register would be a debit to the Bank Account column and  
6           a credit to the City (Notes Payable) for \$5,000.00 which  
7           would be entered on the credit side of the General Ledger  
8           column. (Should the expenditure of this money be handled  
9           through the medium of the city treasurer or other city  
10          office, then in that event, the column heading should be  
11          appropriately changed from bank account to the particular  
12          city office such as City Comptroller, City Treasurer, etc.).  
13          (Should the operating fund be provided by means other than  
14          a loan, an appropriate account other than Notes Payable  
15          should be opened and accordingly credited).

16           Presuming the second entry would be for a \$600.00  
17          Administrative pay roll, a fair estimate as to the division  
18          of the pay roll costs between proposed projects should be  
19          made, and the proportionate amount applicable to each project  
20          should be ascertained. If the amount of time devoted by  
21          the employees was determined to be applicable to Project  
22          No. 1 and Project No. 2 on the ratio of 1/3 to 2/3, the  
23          entry would consequently be 1/3 of \$600.00 chargeable to  
24          Project No. 1 or \$200.00 and 2/3 chargeable to Project  
25          No. 2 or \$400.00. The corresponding \$600.00 credit would  
26          be entered on the credit side of Vouchers Payable column.  
27          The date, pay roll number, period and voucher number would  
28          be inserted in the respective spaces on the left of the  
29          sheet.



1 All other items of expense, unless definitely charge-  
2 able to a particular project, should likewise be vouchered  
3 and when entering shall be prorated over all proposed pro-  
4 jects on which any work has been performed, and in every  
5 instance the credit should be reflected in the Vouchers  
6 Payable column. (After the plans of a project have ad-  
7 vanced to the stage wherein it is known the approximate  
8 number of dwelling units each project will have, then a  
9 fair ratio of dividing the overhead costs may be on  
10 the basis of the dwelling units in each project to the  
11 total number of dwelling units in all projects).

12 When it is known that a voucher covering either  
13 pay roll or expense is definitely chargeable to a pro-  
14 posed project, the vouchers should be posted as a direct  
15 charge against the proposed project and not prorated  
16 over other projects which should not assume any of the  
17 burden of this particular type of expense.

18 It being customary for the Local Housing Authority  
19 Board to approve the payment of bills, the unpaid vouchers  
20 should be listed and submitted to a meeting of the Author-  
21 ity for approval. Upon approval of the vouchers for pay-  
22 ment, checks shall accordingly be drawn and each check  
23 shall be entered in the Combined Journal and Voucher Con-  
24 trol Register, Vouchers Payable column receiving the debit  
25 side of the entry and the Bank Account the credit side.  
26 If there should, however, be any discount taken, the dis-  
27 count shall be reflected in red ink in the proper pro-  
28 posed project Expense column, to which it was originally charged.



1           The difference between the debit side and the credit  
2 side of the Bank column will then at all times disclose  
3 the available bank balance and the difference between the  
4 credit side and the debit side of the Vouchers Payable  
5 column will at all times show the accrued indebtedness  
6 of the Authority.

7           In entering checks the check number over the voucher  
8 number which it is paying shall be entered in the  
9 Reference column, thusly  $\frac{789}{V1042}$

10           In making an advance loan, the United States Housing  
11 Authority will only include for refund to the Local  
12 Authority such items of cost that have been direct pro-  
13 ject expenses chargeable to an approved project. It is,  
14 therefore, very essential that a correct and equitable dis-  
15 tribution of all allowable expenses be made on the books  
16 of the Local Authority to the end that the United States  
17 Housing Authority auditors can definitely verify the items  
18 as being against specific projects.

19           Should the Local Housing Authority have any items of  
20 expense which they know are not allowable against a par-  
21 ticular project and/or which items of expense it is known  
22 will not be subject to refund by the United States Housing  
23 Authority, then in that event, the vouchers covering such  
24 items shall be posted to the column captioned Unallowable  
25 Project Expenses. Such items will always remain as a loss  
26 to the Local Authority.





1           Should a Local Housing Authority develop a project  
2           and incur costs in connection therewith and which project  
3           is subsequently rejected by the United States Housing  
4           Authority, the total costs, which will be reflected in  
5           the individual proposed project expense column, shall be  
6           closed into the Unallowable Project Expense Column. The  
7           Unallowable Project Expense column shall be debited with  
8           the total amount and the Individual Proposed Project Column,  
9           covering the rejected project, shall be credited. Items of  
10          this nature will also become a loss to the Local Authority.

11           When and if, the United States Housing Authority approves  
12          the Advance Loan Certificate of Purpose and makes available  
13          for refund the accrued expenses on any particular project,  
14          it would mean the issuance of a check to be originated  
15          from the project books and turned over to the Local  
16          Housing Authority, this would require an entry on the  
17          Authority's books debiting the Bank Account column and  
18          crediting the particular project expense account column  
19          involved. This credit would be entered in the proposed  
20          project's debit column in red ink.

21           This method will give to the Local Authority a  
22          revolving fund from which they can either repay their  
23          original loan to the city or leave same on deposit to  
24          be used to develop additional projects.

25           Any expenses accrued against approved projects by  
26          the Local Housing Authority after the original Advance  
27          Loan Certificate of Purpose has been prepared can be included.



1 in subsequent certificates of purpose and refunds accordingly  
2 applied for.

3 It should be borne in mind that each project is treated  
4 by the United States Housing Authority as an individual  
5 advance loan application and ultimately a complete and  
6 separate set of books will be maintained for each project.

7 LOCAL HOUSING AUTHORITY'S PROJECT COST ANALYSIS REGISTER

8 The purpose of this book is to break down the costs  
9 accrued against the individual proposed projects and a  
10 separate cost analysis register shall consequently be main-  
11 tained for each individual proposed project. A columnar  
12 sheet similar to that described for the Combined Journal  
13 and Voucher Control Register shall be used. However, it  
14 will require the use of thirty-five columns. One column  
15 for each of the thirty-four accounting classifications listed  
16 on page 3 hereof and one column as a "Total Column." It is  
17 suggested that inasmuch as the double columnar sheet contains  
18 but twenty columns across the two pages, that the date column,  
19 name space and folio spaces be cut from a small quantity  
20 of the sheets and used as inserts or fly leaves and which  
21 will make possible one name space for the use of the entire  
22 thirty-five columns.

23 Each item appearing in the Combined Journal and Voucher  
24 Control Register under the individual proposed project cap-  
25 tions shall then be again broken down and posted to the  
26 Project Cost Analysis Ledger by individual accounting  
27 classifications listed on page 3 hereof.



1           The totals of these columns will accrue indefinitely and  
2           at the time of making up the Advance Loan Certificate of Purpose  
3           it will only be necessary to copy the totals of these various  
4           thirty-five columns to column 4 of the Advance Loan Certificate  
5           of Purpose form.

6           Column 4 of the Advance Loan Certificate of Purpose  
7           requires a statement of all incurred expenses while column  
8           3 of the Advance Loan Certificate of Purpose calls for a  
9           statement of only the disbursements made. To obtain the  
10          figures for column 3, it will only be necessary to classify  
11          the unpaid vouchers of the proposed project and deduct the  
12          total of each classification thereof from each classification  
13          shown on the Local Housing Authority's Proposed Project Cost  
14          Analysis Register.

15          When funds are received as reimbursement for the expenses  
16          recorded, a red entry for those items approved by the United  
17          States Housing Authority shall be made to each respective  
18          column. The grand total of the individual project cost  
19          analysis register and the control column for the same project  
20          in the Combined Journal and Voucher Control Register shall  
21          at all times be in balance.

#### 22          COMMITMENTS

23          A tickler register shall also be maintained for definite  
24          commitments of a Local Authority, reference to which should at  
25          all times reveal any commitments of the Authority which have not  
26          been actually vouchered and entered upon the books. At the time



1 of preparing an Advance Loan Certificate of Purpose the unentered  
2 commitments can be properly classified and included in the Ad-  
3 vance Loan Certificate of Purpose. This would be a guard against  
4 the Local Authority's overlooking any items of committed expense.

5 GENERAL LEDGER

6 General Ledger sheets shall be the regular ruled, double  
7 entry ledger type of sheet with balance column and to it should  
8 be posted all items appearing in the General Ledger column of the  
9 Combined Journal and Voucher Control Register. The total of the  
10 various proposed project columns shall also be posted at the time  
11 of preparing an Advance Loan Certificate of Purpose. This would  
12 permit the beginning of new figures in the Combined Journal and  
13 Voucher Control Register for subsequent Certificates of Purpose,  
14 which the Authority may later prepare. Likewise totals should  
15 be taken and ruled off on the proposed Project Analysis Register  
16 at the time an Advance Loan Certificate of Purpose has been  
17 prepared.

18 MONTHLY REPORTS TO THE STATE BOARD OF HOUSING

19 A report of the financial status of the Local Housing  
20 Authority as it pertains to the accounts of the formulative  
21 period of the Local Authority, shall be prepared and sub-  
22 mitted in duplicate to the State Board of Housing as of  
23 August 31, 1938, and such reports shall be continued monthly  
24 thereafter.

25 To prepare this statement it will only be necessary  
26 to take a consolidated trial balance of the General Ledger  
27 accounts, combined with those of the unposted columns in





1           the Combined Journal and Voucher Control Register.

2           This report shall be made up in accordance with the  
3           speciman shown on Page 14 hereof and the figures for which,  
4           shall be obtained from the books, previously described herein.  
5           These reports shall be forwarded so as to be received by the  
6           State Board of Housing not later than the fifteenth day of  
7           the month, following the month, covered by the reports.

8           In the event, a Local Housing Authority is operating  
9           on a deferred payment basis, the items of the deferred ex-  
10          pense shall be accrued on the books by being concurrently  
11          vouchered and entered in accordance with the procedure out-  
12          lined herein.

13          If a Local Housing Authority has not received any funds  
14          with which to develop a project, nor incurred any expenses,  
15          a monthly statement of such facts shall be made to the State  
16          Board of Housing by the Chairman of the Authority, who shall  
17          also fill out the Certificate.

18          A separate bulletin will be forwarded at a later date  
19          covering the Accounting procedure to be followed during the  
20          Development and Construction Period.



**"SPECIMEN FORM FOR MONTHLY REPORT"**

\_\_\_\_\_ LOCAL HOUSING AUTHORITY

**F I N A N C I A L   R E P O R T**

PREPARED AS OF \_\_\_\_\_, 19\_\_\_\_

<u>Name of Account</u>	<u>Total Debits</u>	<u>Total Credits</u>	<u>Debit Balance</u>	<u>Credit Balance</u>
Notes Payable	\$    ---.---	\$ 5,000.00	\$    ---.---	\$ 5,000.00
Voucher Payable	690.00	1,896.00	---.---	1,206.00
Bank	5,000.00	690.00	4,310.00	---.---
Unallowable Proj. Exp.	---.---	---.---	---.---	---.---
Proposed Proj. #1 - Exp.	657.00	---.---	657.00	---.---
Proposed Proj. #2 - Exp.	1,239.00	---.---	1,239.00	---.---
(All other accounts opened shall also be listed.)				
Totals	\$ 7,586.00	\$ 7,586.00	\$ 6,206.00	\$ 6,206.00

CERTIFICATE OF LOCAL HOUSING AUTHORITY

I, \_\_\_\_\_ (Name) \_\_\_\_\_ the undersigned \_\_\_\_\_ (Title) \_\_\_\_\_

of the \_\_\_\_\_ (Correct Name of Housing Authority) \_\_\_\_\_ hereby certify to the best of my knowledge and belief that as of the date hereof, the foregoing is a true and correct statement of the status of the financial condition of

\_\_\_\_\_ (Correct Name of Housing Authority) \_\_\_\_\_ in so far as the recording of funds and expenses, other than those received from the sale of its bonds, is concerned.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_ day of

\_\_\_\_\_, 19 \_\_\_\_.

\_\_\_\_\_  
\_\_\_\_\_  
Title

